



2018 Bond Election Q&A

Why does LOCS need to conduct a bond election in 2018?

The District's buildings are in dire and, in some cases, urgent need of rehabilitation. The average age of our school buildings is 43 years old. While the district's academic programming and opportunities are among the state's best, many facilities to support those programs are aged and out of date. With the intense focus on safety in schools, securing the schools would be a primary role of this bond proposal. Without the bond, those schools will continue only to get the minor cosmetic fixes afforded by the sinking fund. The last bond passed in the LOCS community was in 2002, following a period of great expansion and growth for the district. Now it is time to look forward to sustaining that role as an elite district.

How will the bond affect the tax rate?

We have structured the new bond proposal in such a way that there will be no expected increase to the current tax rate. The annual debt millage required to retire all currently outstanding bonds of the district and proposed pursuant to this ballot is expected to remain at or below the current annual debt millage of 7.491 mills. The district is dealing directly with the state of Michigan's Treasury department, under the [School Bond Qualification and Loan Program](#). That program ensures the framework for the tax rate to be expected to remain the same over the duration of the bond.

What is a series bond?

This bond proposal is designed to cover a 10-year construction period with three series, each one focusing on different projects. By spanning such a long time period, the bond is able to cover district needs as they evolve. The immediate need elements (e.g. security items in each school) would be addressed quickly in the first series. Presenting a 10-year facility plan enables the district a longer-term plan with the projects.

What are the benefits of approving this bond?

This bond will set up LOCS for decades to come. After more than 15 years without a successful bond proposal, all significant updates have paused. This is Lake Orion's chance to provide students with a modern opportunity for the best possible education. Community surveys have shown that the school district is the top motivator for families moving to the area, which boosts residential home values, and the ability to draw new businesses to the area.

What has the district done to pay down and/or eliminate costs?

The district's bonded debt has been sliced from \$164.3 million in 2011 to \$87.7 million in 2018, a reduction of 46.6%. Over this timeframe, nearly \$135 million of the existing Bonded debt has been refinanced, saving taxpayers \$16 million. For the 2018 fiscal year, \$19.3 million of debt was reduced. Decisions are made regularly about ways to optimize the budget regarding shared services with other districts, privatization of services, and improved operational efficiencies.

Why are is the district conducting the bond election this year?

All of our buildings need major mechanical systems, infrastructural technology and safety/security control updates and replacement. Waiting only magnifies the problems. With the district on improved financial footing, including a reduced debt load and a community which understands the value of education, the timing is perfect for the district to borrow funding (in this low interest rate environment) to position Lake Orion Community Schools for the next 20 years.

The district has followed [a multi-phase plan](#) over the past three years, with the bond proposal arriving as the next and most important step. The district has eliminated the budget deficit, appropriately consolidated the schools, redistricted into all neighborhood schools while protecting our assets and getting a return on our investment, both in students and facilities.

How will this bond make our schools safer?

The LOCS buildings were designed in a more open and inclusive era, when many of the surrounding school violence issues were less of a concern. As the surrounding world evolves, the district must adapt to provide students with the safest, most secure learning environments. While the district is ahead of the curve in training our staff for critical incidents, bringing the physical structures to a similar place requires financial support. Studies have shown the value in modern structures to account for changes in society. By enhancing our security, students and parents can feel safer that the district is utilizing every modern technique to protect the students.

What are the district's technology needs?

This lack of a successful bond has affected LOCS technology the most in recent years. Technology accelerates at such a rapid rate that keeping up with the changes requires unseen infrastructure improvements.

With increased need for streaming (direct video over the Internet) and far more devices within buildings, the LOCS networks severely need updating. The technology department has patched holes during critical moments, but a significant update is essential.

Many district computers are well beyond the useful life and in some buildings, there is not space or resources for a full computer lab, essential for modern learning.

What projects are included in the bond proposal?

Safety is at the forefront of the district's decisions and the bond reflects that. Safety features will be added to all school entrances and interiors. Traffic flow will be improved at many schools. A dramatic reworking of the CERC building will lead to a modern focus on the youngest learners with a replacement centrally-located Early Childhood facility. The plans will bring the academic environments in line with elite surrounding districts with technology and in the classrooms, allowing our STEM programs (Science, Technology, Engineering and Math) to have the appropriate resources for the modern educational curriculum.

What is the difference between a sinking fund and a bond?

A **bond** is similar to a home mortgage; it is a lump sum dollar amount the district borrows, through the sale of bonds, in order to fund capital projects (such as building construction, district-wide technology implementation, etc.) Taxpayers pay the money back over a period of years, with interest.

For the Bond issue on November's ballot, if approved, there would be no debt millage tax rate increase to property owners; it will remain the same as it is currently at 7.49 mils.

A **sinking fund** millage is a limited property tax, considered a pay-as-you-go method for addressing smaller building remodeling projects and repair needs. The tax is levied each year, and then this amount is used to make the most urgent repairs and improvements. It is similar to a debit card, in which you access the money on-hand to pay for projects as they are completed and the district does not pay interest on the money used.

The 2 mil sinking fund, approved by the community in 2016, generates approximately \$3.5 million annually for 10 years.

The State of Michigan has legal requirements, restrictions and guidelines for public school districts that plan to fund capital enhancements or facility improvements through bond issues and sinking fund millage levies.

Those authorities give specific guidance on what is considered an allowable use and the district must get approvals, submit reports and we are audited accordingly. Neither bond nor sinking fund money can be used to pay salaries or operational expenses.

Will the bond details be available to the general public?

The proposal's details are posted and sorted on the district's Bond 2018 page at <https://www.lakeorionschools.org/district/bond-2018>. The LOCS Administration will provide in-person information at community events, as appropriate, to answer questions. If any community members have specific questions, they can contact LOCS Administration at communications@lok12.org.

What are the key dates for the bond election?

Absentee voting ballots available – September 22

Voter registration deadline -- October 9

Election Day – November 6 from 7 a.m.-8 p.m.